

CALIFORNIA MEDICAL ASSISTANCE COMMISSION

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**CALIFORNIA MEDICAL ASSISTANCE COMMISSION**

State Capitol, Room 2040
Sacramento, CA

Minutes of Meeting
May 25, 2006

COMMISSIONERS PRESENT

Cathie Bennett Warner, Chair
Michele Burton, M.P.H.
Diane Griffiths
Teresa P. Hughes
Vicki Marti
Nancy E. McFadden

CMAC STAFF PRESENT

Keith Berger, Executive Director
Enid Barnes
Paul Cerles
Denise DeTrano
Holland Golec
Katie Knudson
Ina Pewitt
Steve Soto
Michael Tagupa
Mervin Tamai
Karen Thalhammer

EX-OFFICIO MEMBERS PRESENT

Toby Douglas, Department of Health Services

EX-OFFICIO MEMBERS ABSENT

Bob Sands, Department of Finance

I. Call to Order

The May 25, 2006 open session meeting of the California Medical Assistance Commission (CMAC) was called to order by Chair Cathie Bennett Warner. A quorum was present.

II. Approval of Minutes

The May 11, 2006 meeting minutes were approved as prepared by CMAC staff.

III. Executive Director's Report

Keith Berger, Executive Director, began his report by communicating to the commissioners that there were 10 amendments and new contracts before them to be reviewed and acted upon in closed session, along with many updates and several important discussions regarding current negotiations and negotiation strategies, including those related to the Distressed Hospital Fund (DHF).

Mr. Berger said that the final decisions regarding the DHF were originally targeted for the June 8 Commission Meeting. He noted that CMAC Commissioners and staff are continuing to spend a considerable amount of time on the Commission's review, analysis and discussion of hospital proposals for Distressed Hospital funding, including a significant portion of today's closed session. Mr. Berger expected the time and effort involved in assessing the large number of proposals would likely cause the target date to be pushed to the June 22 Commission meeting.

The Executive Director concluded by reporting to the Commissioners that the Department of Finance's overview of key changes in the Governor's May Revision regarding the Medi-Cal program and other health-related changes, would have to be postponed until a later Commission meeting. Mr. Berger conveyed to the Commission that Bob Sands, Department of Finance, was unable to attend today's CMAC meeting due to the need to prepare for Conference Committee and that he sent his sincere apology for his absence.

IV. Department of Health Services (CDHS) Report

Toby Douglas, Assistant Deputy Director, Medical Care Services, CDHS, announced that the State received written feedback from the federal Centers for Medicare & Medicaid Services (CMS) on the Physician Services, State Plan Amendment (SPA)--the third SPA related to the Hospital Financing Waiver. He said that CDHS has formally requested that CMS take the SPA "off the clock", that is, the 90-day review period will stop. When CDHS responds to CMS's questions, and resubmits the SPA, the 90-day review period will restart.

The decision to request that the SPA be taken "off the clock" was based on the need to obtain detailed cost information for physician services from the public hospitals, and proper analysis of what costs are appropriate to include in determining reimbursement will take further discussion. By requesting that CMS take the SPA "off the clock", CDHS will preserve the July 1, 2005 effective date of the SPA, although it will delay approval of the SPA by several months.

Mr. Douglas continued his report and explained that CDHS has made significant changes to the Schwarzenegger Administration's Emergency Drug Program. Mr. Douglas expressed that dual eligible beneficiaries are having difficulties having their prescriptions filled through Medicare Part D. He said that recently, CDHS established a more restrictive process for pharmacies to follow in order to receive payments for services provided.

Under this program, pharmacies will have to ensure that all processes available through Medicare have been exhausted, and submit evidence of that fact through a prior authorization process to the Medi-Cal program, prior to receiving the State's approval for payment under the emergency program. He said this program extension became effective May 17, 2006.

Mr. Douglas gave a May Revision update regarding the federal Deficit Reduction Act (DRA) of 2005 and how it will soon require all United States citizens and nationals who apply for Medicaid (Medi-Cal in California) to provide documentation of citizenship or national status as a condition of eligibility. This new federal requirement will become effective July 1, 2006 and will be mandatory when people apply for benefits or, for current beneficiaries, at re-determination of eligibility. The primary forms of documentation acceptable would be either a passport (by itself) or a birth certificate presented together with a document that confirms identity, such as a driver's license with a photograph. Those eligible could lose coverage if they do not have a birth certificate or passport available at the time they apply or reapply for Medi-Cal. Implementation of these DRA requirements will be a condition of the State receiving federal funds. Failure by the State to act puts \$15 billion in federal funds at risk.

Trailer Bill language is being developed to implement these new requirements with as much flexibility as possible in order to make it as easy as possible for beneficiaries and applicants to comply with this provision. The Department will be working with the Legislature, advocates, and counties on the final Trailer Bill language and implementation.

Mr. Douglas concluded his report with a final update to the May Revision. He expressed that CDHS has reviewed the financial solvency of Medi-Cal Managed Care Health plans, and have found select plans that need intermediate revenue increases, including several County Organized Health Systems (COHS). These increases have been proposed to the Legislature.

Regarding the new conditions for eligibility for Medi-Cal, Commissioner Marti asked if there would be a financial impact of those who will be dis-enrolled. Mr. Douglas told the Commissioner he is unsure of the impact at this point and that it will ultimately depend upon how much flexibility CDHS is given to implement this new requirement. He noted that the Congressional Budget Office only projected 30,000 beneficiaries would be affected.

V. New Business/Public Comments/Adjournment

There being no further new business and no comments from the public, Chair Bennett Warner recessed the open session. Chair Bennett Warner opened the closed session, and after closed session items were addressed, adjourned the closed session, at which time the Commission reconvened in open session. Chair Bennett Warner announced that the Commission had taken action on hospital and managed care contracts and amendments in closed session. The open session was then adjourned.